

# Honolulu Star-Bulletin

Wednesday, October 9, 1985

## CIA Man Gave Rewald 'Covers' to Thwart IRS

### *Rewald Probably Won't Take Stand Due to Ruling*

By Charles Memminger  
Star-Bulletin Writer

The CIA provided Ronald Rewald with three possible stories in order to skirt IRS interest in companies used as CIA covers, it was disclosed yesterday.

The disclosure came in what was the most damaging day for the government since the Rewald fraud trial began nine weeks ago.

Previously classified documents entered into evidence yesterday show that the CIA considered at least three Bishop, Baldwin, Rewald, Dillingham & Wong overseas offices as "corporate contacts" for the CIA.

Government witnesses have said the CIA only used Rewald, CMI Corp. and two other "paper" companies as cover for CIA agents abroad. The government has steered away from any implication that it was connected to Bishop, Baldwin itself.

Rewald claims that the CIA set up and ran his company. He says he had no intent to defraud investors out of millions of dollars because he thought the CIA would cover the expenses related to his extravagant lifestyle.

One document introduced into evidence yesterday shows that in January 1983, the CIA sent Rewald three suggestions on how to hide from his accountant and apparently the IRS the fact that the three companies were CIA covers. At that time the IRS was in the midst of an investigation of Rewald's finances.

The documents were admitted during the questioning of former CIA field office chief Jack Rardin, the last CIA official Rewald had contact with. Rardin was called as a defense witness after the government failed to call him during its case.

BECAUSE OF his extended contact with Rewald while head of the CIA office and because he was in charge of the office when Bishop, Baldwin collapsed, Rardin has been considered one of the most important witnesses for Rewald.

Deputy Federal Public Defender Brian Tamanaha questioned Rardin throughout the day about his association with Rewald. He often had to jar Rardin's memory of events with classified documents.

## Star-Bulletin

Rardin, for instance, said he dealt with Rewald and other Bishop, Baldwin employees on a "personal basis" regarding filing of reports about their travels to the Far East. The CIA was not interested in the corporate side of Bishop, Baldwin overseas. Rardin said, although such an interest might have developed in the future.

Tamanaha, however, produced an August 1962 cable Rardin sent to CIA headquarters in Washington, D.C., listing the BBRD&W offices in Taipei, Hong Kong and Singapore as CIA "corporate contacts."

More damaging to the government was a January 1963 cable sent to Rardin from CIA headquarters discussing "cover stories" Rewald could use to avoid tax problems of three CIA "backdrops": CMI, H&H Enterprises and Canadian Far East Trading.

"A cover story based on the limited information available at (headquarters) is tentative at best," the cable warned.

THE CABLE told Rardin to discuss three possible cover stories with Rewald:

✓ That the three companies were used by "undisclosed foreign clients who needed a U.S. government base for certain unspecified business operations."

✓ That Rewald's clients passed money through Rewald's personal accounts for the establishment of companies. In other words, the money passed through Rewald's account was not his but his clients'.

✓ That Rewald did not file tax returns for companies because he did not know all of the transactions the companies were involved in.

Rewald, in fact, did tell an IRS investigator that he had not filed certain tax returns because he was waiting for direction from the CIA.

Rewald attracted CIA interest in his tax problems by telling Rardin that CIA personnel funneled money through him unknown to Rardin.

As far as Rardin knew, Rewald only received reimbursements for telephone and telex bills related to the "light cover" companies Rewald manned.

IN A CABLE to CIA headquarters in December 1962, Rardin passed on Rewald's claims that he had funneled money "to individuals in the Middle East, Argentina, Hong Kong, Taiwan, Indonesia, California and Hawaii."

In the same cable, Rardin described Rewald as a "conscientious, patriotic individual who tends to quickly follow CIA instructions to the letter."

The CIA sent two officers to investigate Rewald's claims and stopped the IRS investigation for two weeks. IRS criminal investigator Joseph Camplone testified last week. The CIA then pulled back and allowed the investigation to continue.

That investigation was among several that eventually led to the collapse of BBRD&W in July 1963.

Rewald faces 98 counts of fraud, tax evasion and perjury.

# Star-Bulletin

Wednesday, October 9, 1983

By Charles Memminger  
Star-Bulletin Writer

Spectators have been eagerly waiting for the star witness in the Ronald Revault federal fraud trial to take the stand.

Now it appears, however, that the witness—Revault himself—may not testify.

Revault's attorneys filed a motion Monday asking that Revault be allowed to take the stand and talk about the contents of his lengthy affidavit, which has been sealed by the court.

The affidavit, complete with some 90 exhibits, details Revault's explanation of how he came to be associated with the CIA, how the CIA directed him

to set up Bishop, Baldwin, Revault, Dillingham & Wong and what operations he ran for the agency.

Certain parts of the affidavit, which was filed in bankruptcy proceedings, led to Revault's indictment on perjury charges. Those parts include Revault's claim that the CIA told him to form Bishop, Baldwin and even helped him pick out the name.

FEDERAL Public Defender Michael Levine said in his motion that it would be unfair and misleading to the jury if Revault is not allowed to elaborate on each of the events in the affidavit.

"Should the court deny the defendant's motion, the defendant

will refuse to testify on his own behalf," Levine wrote.

U.S. Judge Harold Pong, however, already has indicated he does not want all of the material in the affidavit to become evidence in the trial. The judge denied a previous Revault motion to admit the affidavit itself into evidence.

Pong has limited the amount of CIA evidence submitted by the defense to that showing that the agency controlled or managed investor money. Revault's attorneys have been frustrated in bringing in evidence of Revault's voluntary CIA activities.

MEANWHILE, Revault's attorneys yesterday also were fighting to get another witness on

the stand to bolster their case. He is Ralph McCabe, a retired CIA agent who now lectures, writes and testifies on CIA matters.

Levine wants McCabe to be allowed to testify as an expert about CIA records, terminology and activities.

Thodore Greenberg, one of the four federal prosecutors, called McCabe a "hack" who makes his name testifying as a defense witness in cases involving the CIA.

Both Levine and Greenberg yesterday questioned McCabe outside of the presence of the jury, as part of the defense attempt to have McCabe certified as an expert. The questioning was to continue today.

**The Honolulu Advertiser**  
★ Thursday, October 10, 1986 A-3

## ***Defense to rest today; Rewald won't testify***

**By Walter Wright**  
*Advertiser Staff Writer*

The defense will rest in the Ronald Rewald trial today without calling Rewald or a clandestine CIA officer named Charles L. "Rick" Richardson.

That means the case could go to the jury next week, after the prosecution puts on a handful of rebuttal witnesses.

Rewald is gambling that he has raised enough suspicion about the CIA's relationship with him that jurors will acquit him of 96 counts of perjury, fraud and tax evasion.

His own refusal to take the stand means Rewald probably will never face public questioning under oath about his claims that the CIA set up and ran his company, Bishop Baldwin Rewald Dillingham & Wong.

As for Richardson, documents prove he obtained cover from Rewald. But defense attorneys have decided not to present Richardson's sworn testimony.

Defense attorneys are expected to argue that Rewald was a patriotic but bumbling businessman who plunged wholeheartedly into what he thought was the CIA's plan to have him create a facade of wealth and international business dealings. There was no fraud, the defense will argue, because Rewald always believed the CIA would pay the bills.

Rewald's own expert witness on the CIA, author and former CIA case officer Ralph McGehee, told a reporter outside the courtroom yesterday he didn't think the CIA

would knowingly get involved in defrauding investors.

But, McGehee told KHON-TV's Barbara Marshall, "I think if they determined that was what was going on then they would very quickly do a damage assessment. How much is known, how much is out, how can we control to limit the knowledge of CIA involvement in this particular operation?"

On the stand, McGehee was not allowed to testify about his belief the CIA lies and destroys records illegally to protect itself. He did testify there were some CIA "soft files" and "back channel" communications which would never get into the CIA's central records because they involved sensitive, illegal CIA activities.

McGehee said he has no personal knowledge of how the CIA kept records following his retirement in 1977.

Former Honolulu CIA office chief Jack Rardin testified yesterday that three phony cover stories the CIA offered Rewald early in 1983 were intended to mislead an IRS investigator.

But Rardin said that was to be an "interim measure." The CIA asked the IRS to "temporarily delay" its investigation of Rewald only so the CIA could provide to the IRS "the exact amounts, dates and reasons for monies being given to Rewald," according to a cable sent to Rardin at the time.

The CIA "cannot and will not provide further assistance to Rewald with respect to his tax situation," the cable said.